



State of Washington
Department of Revenue

Excise Tax Advisory

Excise Tax Advisories (ETA) are interpretive statements issued by the Department of Revenue under authority of RCW 34.05.230. ETAs explain the Department's policy regarding how tax law applies to a specific issue or specific set of facts. They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.

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AMOUNTS COLLECTED BY A MORTGAGEE TO COVER INSURANCE PREMIUMS AND REAL ESTATE TAXES OWED BY A MORTGAGOR

Issued July 17, 1974

Is money collected by mortgagees from mortgagors and deposited in reserve accounts until paid out for insurance premiums and real estate taxes taxable income to the mortgagee?

The Department has held that since mortgagees merely collect insurance premiums and real estate taxes and hold them in trust without the performance of any business service, such amounts do not constitute taxable income and the business and occupation tax is not applicable to them.

ETBS have been made Excise Tax Advisories, and have retained their old number. Advisories with a 2 (plus three digits) are new advisories, ETBs that have been revised and readopted after review under the Department's regulatory improvement program, or advisories that have been revised and/or readopted.

Please direct comments to:
Department of Revenue
Legislation & Policy Division
P O Box 47467
Olympia, Washington 98504-7467
(360) 753-4161 eta@DOR.wa.gov

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